

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Brockton Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 9, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is acceptable under Chapter 32.

We note the FY17 appropriation amount shown in this schedule is greater than the amount shown in our November 18, 2015 memorandum (which was based on the prior schedule) by approximately \$1.2 million. Systems that developed schedules based on a January 1, 2016 actuarial valuation typically maintained the FY17 appropriation from the prior schedule. The FY17 appropriation actually made reflects the prior schedule. The Board indicated the FY17 amount from the prior schedule was intended to be maintained. Since the FY18 appropriation under the revised schedule already increases significantly, the schedule is allowable with the understanding that the FY33 appropriation would increase from that shown. This will be resolved with the next schedule adopted in 2018.

In addition, this schedule amortizes the unfunded actuarial liability on a 4.5% annually increasing basis through FY32. Under the provisions of G.L. c. 32 Section 22F, the maximum allowable increase is 4.0% for schedules that extend beyond FY30. However, due to both the significant increase in the FY18 appropriation and that the Board could have adopted a schedule with similar payments over the next few years using a 4.0% increasing amortization basis and extending the schedule slightly, we will allow this schedule.

In our October 20, 2014 approval memorandum, we suggested the Board consider reducing the investment return assumption from 8.0% in the next valuation. The Board maintained the 8.0% assumption in this valuation. PERAC began generally using a 7.75% investment return assumption in our 2013 actuarial valuations and a 7.50% investment return assumption in our 2015 actuarial valuations. Currently 92 systems are using an assumption less than 8.0%. After the 2016 valuations are completed, we expect a 7.50% assumption will be the most commonly used assumption.



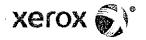


We also note this funding schedule reflects the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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Section V - Contributions Payable Under the System (continued)

Pension Reform Act - Section 22D Funding Requirements

Tiskal Veal		Amortizati	on of the Uniun	ided Actuarial Liability	Total Giv
. Ending in	- Normal Cost	UAL	- 1892 ERI	Total Payment	Contribution s
2017	6,020,998	15,114,354	72,436	15,186,790	21,207,788
2018	6,392,641	18,549,348	72,436	18,621,784	25,014,425
2019	6,573,147	19,384,069	72,436	19,456,505	26,029,652
2020	6,757,866	20,256,352	0	20,256,352	27,014,218
2021	6,946,845	21,167,888	0	21,167,888	28,114,733
2022	7,140,129	22,120,442	0	22,120,442	29,260,571
2023	7,337,760	23,115,862	0 .	23,115,862	30,453,622
2024	7,539,779	24,156,076	0 `	24,156,076	31,695,855
2025	7,746,217	25;243,100	0 :	25,243,100	32,989,317
2026	7,957,108	26,379,039	0 .	26,379,039	34,336,147
2027	8,172,476	27,566,096	0	27,566,096	35,738,572
2028	8,392,342	28,806,571	0	28,806,571	37,198,913
2029	8,616,722	30,102,866	0	30,102,866	38,719,588
2030	8,845,623	31,457,495	0	31,457,495	40,303,118
2031	9,079,051	32,873,083	0 .	32,873,083	41,952,134
2032	9,317,000	24,329,400	0	24,329,400	33,646,400
2033	9,559,459	0	0	0	9,559,459
2034	9,806,406	Q	. 0	. 0	9,806,406
2035	10,057,814	0	0	0	10,057,814
2036	10,313,644	0	0	0	10,313,644
2037	10,573,849	0	0	Ō	10,573,849
2038	10,838,367	. 0	0	0	10,838,367
2039	11,107,129	0	0	0	11,107,129
2040	11,551,415	0	0	0	11,551,415
2041	12,013,472	0	0 -	0	12,013,472
2042	12,494,011	0	0.	0	12,494,011
2043	12,993,771	0	0	0	12,993,771
2044	13,513,522	0	0	0	13,513,522
2045	14,054,063	0	0 .	0	14,054,063
2046	14,616,226	0	0	0	14,616,226
2047	15,200,876	0	0	0	15,200,876